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MARKETING FARM PRODUCE BY PARCEL POST AND EXPRESS

One may well wonder if future economic historians will not be tempted to characterize the present decade as an anti-middleman era. In the minds of many the most effective way to combat the high cost of living is to put into effect the popular slogan, "Down with the middleman." Since food-stuffs form such an important item in the list of ordinary necessities, this agitation has resulted in a widespread demand for the direct marketing of farm produce.

This sort of marketing may be accomplished in three ways. One that is little used is the peddler system by which the producer delivers directly to the door of the consumer. Another means is through the agency of a market place where the producer and consumer meet on neutral grounds, so to speak. The third and most recent development in the direct marketing of farm produce, and the one receiving much publicity at the present time, is by means of transportation agencies—parcel post and express. It is with this type of direct marketing that this paper deals. The reader should bear in mind that all discussions concerning these agencies have reference to their efficiency and capacity as carriers of farm produce in small lots, and not to the carrying of other classes of commodities.

Since the days of the granger movement the farmers have been persistent in their demands for the parcel post. Some two years ago their persistence was rewarded, and with the inauguration of the parcel post came a revision of express rates which makes those companies strong competitors with the postal system as a direct marketing agency. But even in this state of competition it is safe to say that the parcel post in its present stage of development has not fulfilled the expectations of the farmer as a selling agent, however useful it may be to him along other lines.

The department of agricultural economics at the University of Wisconsin questioned over 200 farmers in the state who had some six months previously advertised their willingness to sell direct to the distant consumer. Out of this number only 62 had made shipments, and some of these discontinued the practice after a brief trial, while others merely dealt with city relatives. Many

of the farmers had received inquiries concerning prices but no orders in answer to their quotations. The producers generally were of the opinion that this lack of orders was due to the consumer's "wanting the stuff for nothing."

Questionnaires and interviews with consumers who had purchased by this method also revealed a general dissatisfaction. Their attitude seemed to be caused largely by the high prices paid for produce procured in this manner. These discouraging experiences tend to show that the value of transportation agencies, in their present stage of development, has been greatly over-emphasized with respect to the marketing of farm produce. However, this is far from saying that their use under present conditions can not be made more satisfactory. The following discussion is an attempt at an analysis of the factors involved in the from-producer-to-consumer marketing by parcel post and express with a view to a better understanding of their use.

*The produce.*¹

Quite contrary to popular belief very little of the farmer's produce fulfills the exacting requirements of long distance buying and selling in small lots. Since the minimum charge for parcels by mail is 5 cents for the first pound, followed by much less for additional pounds, it is clear that either the article must weigh several pounds so as to go for much less than 5 cents a pound, or it must be worth several times 5 cents per pound in order that the postage be not too great to make the shipment desirable. This principle puts a very great limitation on the widespread use of the parcel post for the shipment of farm produce.

First of all the produce must be of a type that has a high value as compared with bulk. One of the great drawbacks to parcel post and express shipments is the large proportion of the value of the shipment taken up by package and transportation charges. For instance, the cost of fresh vegetables at times when they are plentiful is more than doubled in many cases by the cost of packing and getting them to the consumer. This extra charge that must be added to the consumer's price raises commodities of a low value to a prohibitive figure.

¹The following table shows that only about one eleventh of the farm crops could by any possibility come within the realm of parcel post and express shipment. However, but a very small part of this one eleventh can

Not only should the article be of fairly high value, but its supply should be more or less constant, not of short seasonal duration. Every time an individual grower has a different article to sell to distant customers, he must spend time and energy in providing the outlet for the commodity. Hence the expense of introducing a vegetable, a fruit, or a farm product of limited supply and short seasonal duration adds noticeably to the consumer's price of that food. Moreover, something to sell one week and nothing the next will neither get nor hold customers. The grower must have a dependable supply if he is to fit himself into the requirements of the buying public. In general, of the things grown by the average farmer, poultry and dairy products best fulfill the requirements of a high value and steady supply. However, it must not be inferred that these are the only things that may be handled successfully, since general disadvantages

ever be actually so marketed. For example, vegetables, fruits, nuts, flowers, and the like, are not often handled in this manner and the prospect of their being so handled in great quantities is remote. In fact, not a single commodity in the list is as economically shipped by these means as in the more usual way, by freight, and therefore it may be expected that the bulk of them will be so moved.

Farm crops in their relation to parcel post and express marketing.

Crops	Per cent of value of all crops	
	Adapted to parcel post or express shipment	Not adapted to parcel post or express shipment
Cereals .....	...	48.6
Other grains and seeds .....	.3	1.4
	(grass, flower, and vegetable seeds)	
Hay and forage .....	...	15.0
Tobacco .....	...	1.9
Cotton .....	...	15.0
Sugar crops .....	.1	1.1
	(maple sugar)	
Sundry minor field crops .....	...	.9
Potatoes .....	...	3.6
Vegetables	3.9	...
Fruits and nuts	4.1	...
Flowers, plants, and nursery products.	1.0	...
Farm forest products .....	...	3.6
	9.4	90.4

are often overcome by highly favorable circumstances in individual cases.

Whatever the type, the quality must be of the best, or at least be constant. An industrial agent for one of the larger express companies when asked what he considered to be the greatest handicap to parcel post and express marketing, replied: "The producer's shortcomings with respect to quality." The agent explained the phrase by relating some of his experiences in the matter. When customers are obtained for the rural shipper the goods in the first orders are quite satisfactory. Satisfactory goods cause an increased demand. An increased demand is too often followed by a decrease in quality. Rather than reject an order, it is filled with such grades as are at hand or can be purchased from the neighbors. Actions of this nature are suicidal to the farmer's success in the new movement. People will not give milk-fed rates for just any chicken, or strictly fresh prices for eggs of doubtful age. In other words, the lack of appreciation of quality as a factor in price is undoubtedly one of the most serious difficulties in the path of direct marketing today.

Another of the handicaps to long distance marketing, from the consumer's point of view, is the want of a system or device by which varying grades in quality may be known. This handicap has been overcome in many lines of merchandise by the establishment of well-known brands. Buyers know that the quality of goods sold under these brands will be substantially the same next week as last week. As yet, the buyer of farm produce from the grower has not the assurance that the butter and poultry which he buys today will be of the same quality as the butter and poultry he bought yesterday. But until the shipper has established a reputation for strict standardization of quality, his sales must be subject to inspection, a condition which fits awkwardly into direct marketing at a distance.

Another element, equally important to the farmer's success in this undertaking, is packing. It is necessary for him to study carefully the details of packing in order to avoid the undesirable mingling of flavors in transit. There is also much importance to be attached to the mere appearance of the goods. The shipper must remember that he is a seller of freshness, and in the minds of most buyers only those things are fresh that appear so.

Hence, packing must be done in such manner as to perform three functions: to prevent the objectionable mingling of flavors; to keep the articles intact; and at the same time to give the package a favorable appearance.

The producer.

The type of produce adapted to direct marketing, together with the grower's ability to fulfill the exacting demands of the consumer, clearly indicates that the process is best suited to the specialized producer. The attention of the successful grower must be centered upon the raising of a superior quality of such things as may be conveyed to the consumer at the least expense, compared with the value of the contents of the shipment. Not only must the shipper be a specialized grower, but he must have the inclination and ability to cater to the retail trade. When a farmer ceases to sell his produce at wholesale to the local grocer, and disposes of it to the consumer instead, he becomes a retailer, and must assume some of the responsibilities of that office—dealing in small lots, catering to whims, and satisfying complaints. Moreover, he must acquire business customs and methods, for not until the producer is willing to handle detailed accounts, render accurate statements, and answer correspondence promptly, can he hope to attain a large degree of success in the direct marketing of small lots.

The location of the producer.

Although type of produce and personal initiative are large factors in this new movement, the location and the physical environment of the farmer are of primary importance in producer-to-consumer selling. Following are a few principles to be considered in respect to location:

1. Direct marketing outside of local territory should not be attempted until the possibilities of the home market have been thoroughly investigated.

2. The grower should live within easy access to the station from which he ships. Even though the rural carrier collects the goods it is not well to have a perishable product submitted to long hauls over country roads.

3. The market should be at a distance ordinarily not exceeding 200 miles, since the transportation charges beyond that distance make prices more prohibitive.

Obtaining the customer.

The testimony based upon actual shipments by farmers concerning the feasibility of direct marketing is rather scarce and varied. Instances of exceedingly successful experiences, and also of miserable failures in the marketing of the same kinds of produce are easily obtainable. These diverse results would seem to indicate that success is due in a large measure to the personal qualities of the shipper. Possibly one of the first difficulties which the farmer meets in the new enterprise is getting into business relationships with city customers. This is a matter in which generalized advice is of little value. It is a situation which must be solved, for the most part, by the inventiveness of the shipper. This problem may be worked out along the lines of personal solicitation, correspondence, press advertisement, post-office lists, or the industrial departments of the express companies.

The effectiveness of correspondence depends quite largely upon the character of the mailing list; that is, whether or not it contains only the names of those interested in direct marketing. However, the amount of produce which the ordinary farmer has at his disposal at any one time, is not great enough to justify a very large expenditure for advertising purposes. Consequently neither correspondence nor the press enters very extensively into the marketing arrangements of the producer.

Because the present development of producer-to-consumer marketing does not justify sufficient expenditures on the part of the grower to get in touch with the consumer, some of the post offices in the larger cities are compiling lists of the names and addresses of producers together with the commodities they have to sell. These lists are distributed free among the patrons of the office.

Three express companies also have established departments for the purpose of introducing the farmer to the city dwellers. These companies maintain industries agents in the larger cities along their lines. For instance, one company has departments at New York City, Cleveland, St. Louis, Chicago, Houston, San Francisco, Kansas City, and Seattle. Circulars are sent from these points every Monday morning to the companies' local agents throughout the country. These circulars contain descriptions and quotations of food products which the growers have furnished, and at which they are willing to sell for the current week. With

this information at hand the local agent will take orders to deliver any of the products enumerated. It must not be inferred that the express companies buy or sell produce or share in any profits from the sale of goods. The shipper quotes prices on his own products and the companies issue these prices in circulars, merely receiving transportation charges on the goods they carry. These industrial agents also compile lists of the names of consumers who wish to buy through this method, which they furnish to reliable shippers who care for such an outlet for their products. Furthermore, it is the aim of these departments to aid the shipper in standardizing his product, as well as to help him find suitable packages and containers for shipping the same. At present the express companies are active agents in the promotion of the direct marketing movement. One can hardly say as to the future of their produce ordering departments. Up to date, neither the producer nor the consumer has to any great extent availed himself of the services offered by the companies.

Ordering from the producer.

The system of ordering directly from the farmer demands a change of method in buying kitchen supplies. The housewife is in the habit of buying small quantities at frequent intervals. In fact, very few houses are so equipped as to permit the keeping of perishable food products in large quantities over any considerable length of time. The telephone plays a large part in the ordering from grocers: it is a great time, money, and labor saver. In but few instances can the telephone be used in ordering goods to come by parcel post or express. It is the usual practice thus far to depend on ordering by mail, from time to time, or ordering by contract for periods of considerable length in advance. In the case of mail ordering it is necessary to anticipate wants by several days, since it often takes a letter two days to reach rural delivery points even though but a hundred miles distant. Then the packing, mailing, transportation, and delivery of a parcel by post is likely to take anywhere from one to three days. Thus from the time of writing the letter until the time of receiving the goods two to five days will have intervened.

Aside from the factors of time and trouble involved there are the questions of price and quality. An individual producer may be able to get fancy prices for very ordinary goods; he may

feel that prices must be raised at a given time. He may be anxious to furnish produce of the very finest quality but may be frequently unable to do so. The purchaser not being in direct easy communication with him can not be informed each day as to changes in price or variation in quality. The matter of prices is not insurmountable. It would be altogether feasible to fix prices, say for a week, and notify by postal card when changes are to be made. The problem of quality is not so rapidly solved. In the case of produce not of a standard nature, quality will vary with the season or the weather or a multitude of other more or less unforeseeable circumstances.

One serious drawback encountered is the difficulty of deciding how much of certain things are to be wanted from day to day, particularly for a period of time some days in advance. Years ago when supplies had to be of a fairly stable nature, dried fruits, salted meat, and the like, it was not hard to order a week or a month in advance, but these are no longer popular. Hence it follows that only a part of such supplies as may be received direct from the farmer will be so obtained. Substantially every family will continue to depend to some extent on the local merchants even for dairy and poultry products. The system of ordering by contract can be adapted to but few articles.

Payments.

Then there is the question of payments. Nearly all long distance marketing in small lots is done on a cash basis, and farm produce can not be taken as an exception. Consequently the consumer must expect to send cash with order or pay upon arrival of goods, unless there is an established credit relationship between seller and buyer. Such relationships can undoubtedly be built up, and will be, but as yet they are the exception. It takes business ability and persistency to bring such arrangements to a working basis.

Parcel post or express?

One of the questions which confronts the farmer is: "Which carrier will answer my purposes best, expense and service considered, parcel post or express?" Whether or not it will be to the shipper's advantage to patronize the public or the private agent will depend upon a number of factors, of which distance, weight of shipment, and kind of produce are the most influential.

The movement for the direct marketing of farm produce has been greatly accelerated since the extension of the parcel post weight limit to fifty pounds (January 1, 1914) and the revision of express tariffs by order of the Interstate Commerce Commission.

TABLE I.—*A comparison of old and new express rates on farm produce.*

Weight of shipment	50 mile		100 mile		200 mile	
	Old	New	Old	New	Old	New
<i>Lbs.</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
5	35	25	35	25	35	27
10	35	25	35	25	35	27
15	35	25	35	27	35	32
20	35	27	35	29	35	36
25	35	28	35	31	35	41
30	35	30	35	33	36	45
35	35	32	35	36	42	49
40	35	34	35	39	48	54
45	35	36	35	41	54	58
50	35	38	35	43	60	62
55	35	39	35	46	66	66
60	36	42	36	48	72	71
65	39	43	39	51	78	75
70	42	45	42	53	84	79
75	45	47	45	56	90	84
80	48	49	48	58	96	88
85	51	51	51	60	102	93
90	54	53	54	63	108	96
95	57	54	57	66	114	101
100	60	57	60	68	120	105

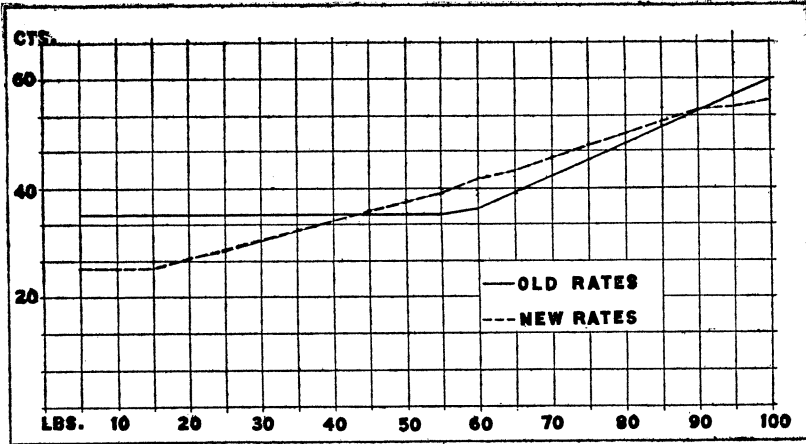
Express rate revision.

A lowering of rates was announced by the express companies to take effect February 1, 1914. And on September 1, 1915, they again revised their rates, raising them somewhat but not so high as they were before February, 1914. Just how great a reduction the companies made is plainly shown by Table I and Figures 1, 2, and 3. Distances of 200 miles and less are taken for graphic illustrations, because in general, direct-to-consumer shipment of farm produce is hardly practical over wider areas. For the same reason 100 pounds is selected as the weight limit.

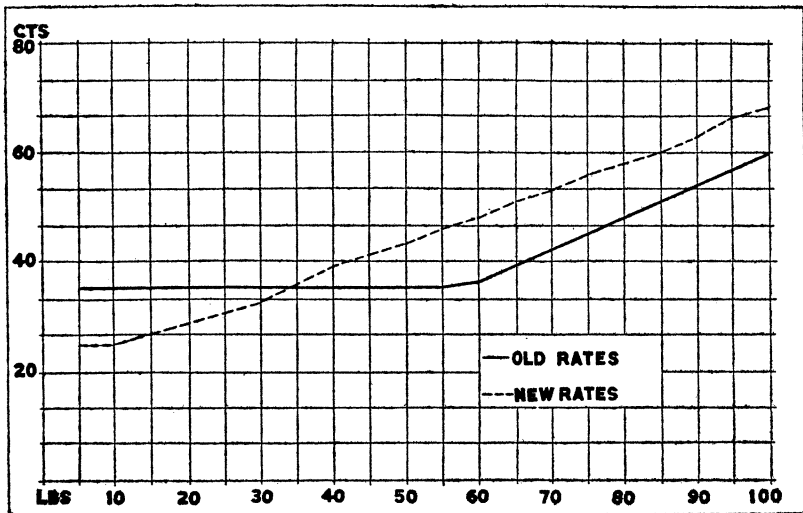
The new rates on 50-mile consignments are lower on packages weighing less than 43 pounds (the parcel post weight limit is 50 pounds for this distance) and higher on shipments weighing between 43 and 90 pounds. Presumably the express companies are the sole carrying agents for those shipments which fall outside

FIGURE 1.—*Old and new express rates—50 miles.*

The new rates are materially lower on packages weighing under 43 pounds.

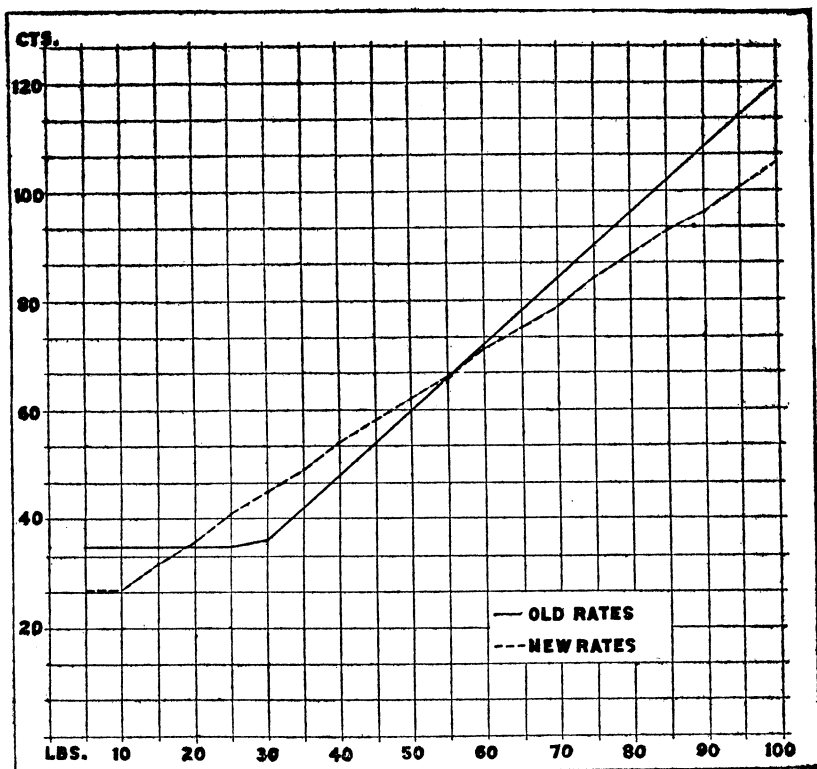
FIGURE 2.—*Old and new express rates—100 miles.*

The new rates are considerably higher on parcels weighing over 35 pounds.



mail specifications and are not adaptable to freight transportation. It will be noticed that it is mainly within this monopolistic field that rates have been increased by the recent revision for the above distance. Strictly speaking, the term "lower rates" can be applied only to parcels weighing less than 35 pounds when

FIGURE 3.—*Old and new express rates—200 miles.*
The rate was raised on packages weighing from 19 to 55 pounds.



expressed for a distance of 100 miles. Again, one finds in the comparison of the old and new rates for a distance of 200 miles, that there is a decrease within the field of parcel post competition. The lower rate applies to packages weighing less than 19 and over 55 pounds. The parcel post weight limit for distances beyond 150 miles is 20 pounds. This decrease in express rates is made up partially, at least, by the increased charge on packages weighing from 19 to 55 pounds.

A study of these comparisons will lead one to conclude that the lowering of express tariffs has been effected mostly in those fields where competition is present. Whether or not the revision can be referred to as "downward" is a question that can be answered only by knowing whether the surplus received from the business done in the region of increased rates is greater than the difference resulting from the handling of business in the zones

TABLE II.—*A comparison of parcel post and express rates on farm produce.*

Weight of shipment	Local		50 miles		100 miles		200 miles	
	P. P.	Exp.	P. P.	Exp.	P. P.	Exp.	P. P.	Exp.
<i>Lbs.</i>	<i>Cents</i>	No rates for this class of traffic	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
5	7		9	25	9	25	14	27
10	10		14	25	14	25	24	27
15	12		19	25	19	27	34	32
20	15		24	27	24	29	44	36
25	17		29	28	29	31		41
30	20		34	30	34	33		45
35	22		39	32	39	36		49
40	25		44	34	44	39	Weight limit 20 pounds	54
45	27		49	36	49	41		58
50	30	54	38	54	43	62		
55			39		46	66		
60	Weight limit 50 lbs.		42	Weight limit 50 lbs.	48	71		
65			43		51	75		
70			45		53	79		
75			47		56	84		
80			49		58	88		
85			51		60	93		
90			53		63	96		
95			54		66	101		
100			57		68	105		

of lower charges. In other words, do the commission firms and other shippers whose traffic is of such nature as to come largely under the increased rate pay a greater aggregate amount than the small shipper is relieved of paying by the lesser charge? Yet this item is not of as much interest to the farmer as the fact that the express rates on relatively small shipments within a distance of 150 miles are materially lower than formerly and that the new rates are conducive to the direct marketing of farm produce.

A comparison of parcel post and express rates.

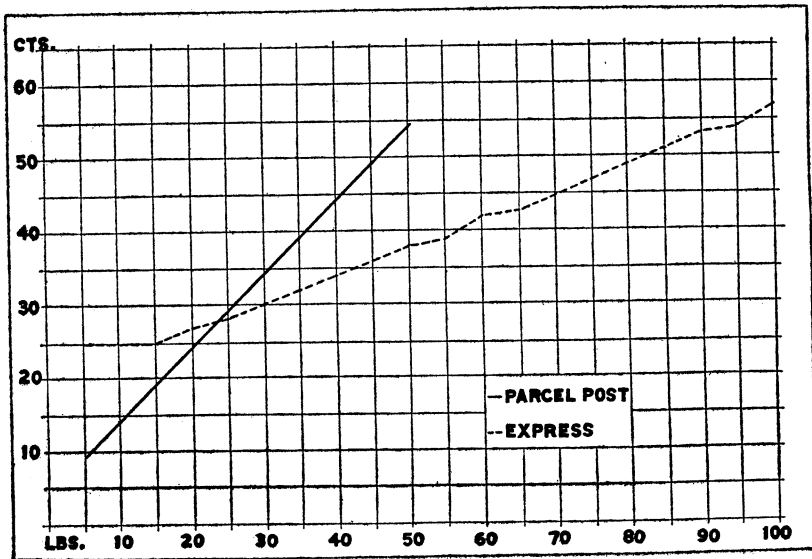
One may wonder how the new express rates will appear when measured by the standard set by the Post Office Department on the same class of commodities. This comparison is made in Table II and illustrated in Figures 4, 5 and 6. In the matter of local consignments the parcel post has the field. The postal service will collect from the producer in the country and deliver to the consumer in the city in which the rural route terminates, packages weighing 1 to 50 pounds at a cost of 5 to 30 cents. The express companies are in no way prepared to handle this class of business.

For shipments of 50 miles or under, the parcel post has the cheaper rates for packages weighing 24 pounds or less. When goods are sent 100 miles the mail is a less expensive carrier for shipments weighing not more than 28 pounds. But if 200 miles is taken, or any distance beyond the first and second zone (150 miles) the government can hardly be called a successful competitor against the express companies in the matter of handling country food-stuffs, since the postal rate is lower on packages weighing 13 pounds or less only.

Hence, if the only consideration is rate charged, one can safely conclude that the parcel post is the proper carrier for lighter shipments traveling shorter distances, while heavier packages consigned to wider areas should go by express.

FIGURE 4.—Parcel post and express rates—50 miles.

The parcel post offers a cheaper rate for packages weighing less than 24 pounds.



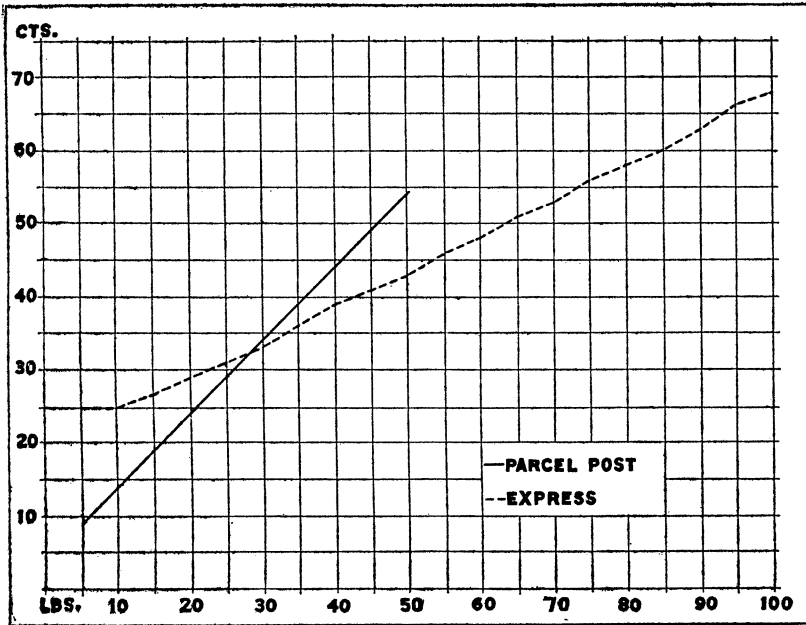
Other factors.

The matter of rate schedules is not the only item to be taken into account. The methods of handling the traffic are so different in the two institutions as to make the service of one highly desirable in an instance when the service of the other is hardly deserving of consideration.

Perhaps the greatest advantage of the parcel post to the

FIGURE 5.—*Parcel post and express rates—100 miles.*

Uncle Sam offers the cheaper rate on shipments weighing under 28 pounds, while the express companies offer an advantage on heavier consignments.



farmer is its collections and deliveries in the country. Yet the merits of this service have been somewhat over-estimated in the matter of the shipment of perishable commodities. Few producers will burden the rural mailman with a consignment of butter when he is some hours from town and the prevailing temperature is 95 degrees in the shade and 99 in the carrier's vehicle. Neither would it be wise to allow him to haul a setting of eggs over 15 miles of rough country roads whether the mercury was favorable or not. Hence, the value of rural collections and deliveries is somewhat dependent upon weather, roads, and time limits in regard to food-stuffs.

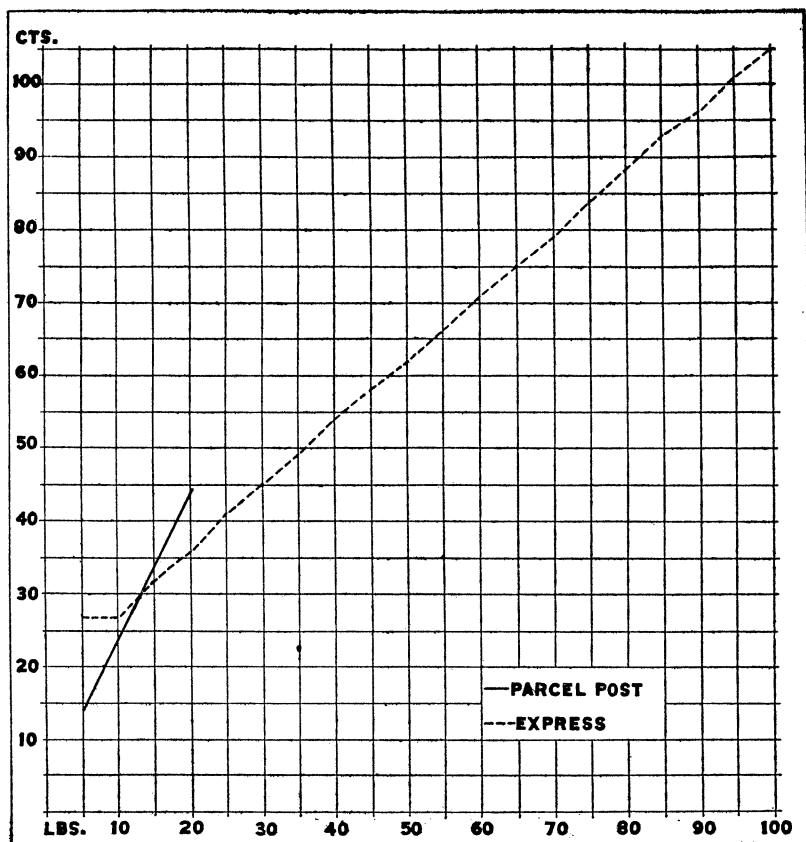
In general, fragile articles are better cared for by express companies, because of the separate handling of each package. Although all fragile articles sent by mail are labeled as such, and the bags in which they are placed similarly marked, nevertheless, the strain and jar are more severe on parcels transported loosely in mail sacks than when handled individually. The postal department has issued a recent ruling to the effect that eggs in

lots of 20 pounds or more will be conveyed outside of bags. This is a marked improvement.

Because of postal restrictions, express carriers have a monopoly on those parcels containing live animals or exceeding 72 inches in combined length and girth measurement. Many poultry

FIGURE 6.—Parcel post and express rates—200 miles.

The express has the cheaper rate on parcels weighing over 13 pounds.



authorities also advocate the shipment of setting eggs exclusively by express.

Despite recent parcel post developments the express companies are factors in the direct shipment of country produce. Which of these two carrying agents—parcel post or express—is more adaptable to the needs of the farmer is dependent, to a large

extent, upon individual circumstances. However, the parcel post should be given its just share of credit for instituting those advantages which the express companies are offering to the farmer in the line of lower rates and improved service.

Collection and insurance charges.

If the grower has not an accredited list of customers he will usually insist upon cash accompanying order, or that the goods be sent C. O. D. The former method is preferable since checks or even money orders cost less than C. O. D. services. Many people are averse to paying for goods before they receive them, and therefore order C. O. D. Yet in case of shipment by parcel post they hardly gain the point, since under this plan they are not permitted to examine the shipments until after the charges are paid. Shipments by express may be examined before payment is made provided the shipper so specifies.

If a credit business is done an extra charge must be added to cover probable losses. Whether this charge will be greater or less than the cost of C. O. D. service is a matter that will vary greatly with the individual shippers. Shipments may be sent C. O. D. by parcel post for an additional postage charge of 10 cents providing the amount to be collected does not exceed 100 dollars. This fee also covers insurance to the amount of 50 dollars. Express companies charge a somewhat higher price for their collection services. Their C. O. D. rates are as follows: for collections of 2 dollars or less, 15 cents; for collections of 2 to 6 dollars, 20 cents; for collections of 6 to 50 dollars, 25 cents.

Express companies are liable for any damage received by goods while entrusted to their care up to the amount of 50 dollars.

Parcel post packages may be insured against loss, but not partial damage, by paying a fee of 3 cents for values not exceeding \$5, 5 cents for values not exceeding \$25, 10 cents for values not exceeding \$50, and 25 cents for values not exceeding \$100 in addition to regular postage. The sender may secure a return receipt by endorsing the parcel: "Return receipt desired."

In case of total loss, indemnity is paid for the actual value of the package, not to exceed the limit of insurance. No indemnity is paid for partial damage or for labor involved in repairing a partially damaged article.

Produce carriers and containers.

The farmer who contemplates entering into the direct market-

ing of country produce has the fundamental proposition to consider: In what size and style of package can my produce be sold to the best advantage?

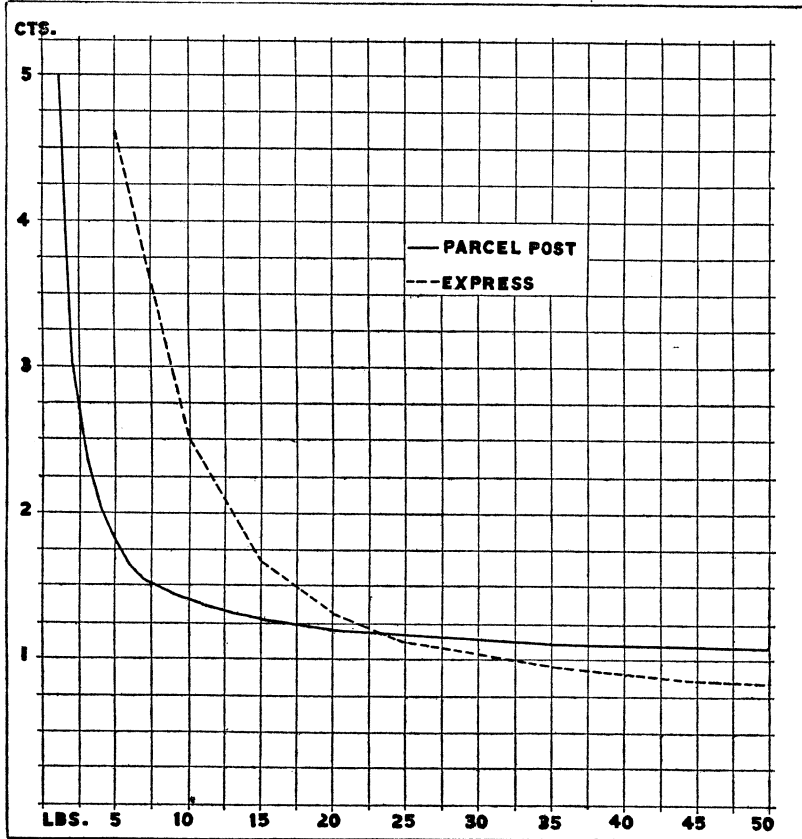
Although the from-producer-to-consumer movement has poured a deluge of parcel post and express containers upon the market, a majority of them are still in the experimental stage of development. The Wisconsin Agricultural Experiment Station has made an extensive collection of such boxes, but of the entire lot only a few seem practical for the purpose for which they are intended. A general fault of containers is that they are too small. The specific value of raw food-stuffs is not high enough to stand transportation and packing charges when handled in such small lots as butter in one-pound packages, eggs one dozen at a time, to say nothing of vegetables in small quantities. Moreover, the ordering and collection troubles are as great on small as on large orders.

The transportation rate per pound decreases as the weight of the shipment increases. A one-pound package sent by parcel post within the first or second zones costs 5 cents, while a 50-pound package costs only a slight fraction over one cent per pound for the same distance (Figure 7). This rule holds true of container charges. A one-pound butter box costs about $2\frac{1}{4}$ cents, while a 10-pound box of the same type sells at only $4\frac{1}{5}$ cents, or less than $\frac{1}{2}$ cent for each pound of butter it contains. These proportions are graphically illustrated in Figure 8.

The objections growing out of high proportional charges on small shipments may be overcome by organization at one or both ends of the line. In many cities are to be found "neighborhood clubs," which consist of groups of consumers loosely organized for the purchase of produce. By this method it is often possible to take advantage of the lowest rates for both transportation and container, and also to minimize the incidental trouble and cost of ordering. These advantages are usually gained at the expense of trouble and care on the part of some member of the group who, usually without pay, acts as a middleman in ordering, receiving, and distributing the produce. There are hundreds of such clubs in the larger cities, many of which have been in existence for a year or two. Apparently some of them will become permanent. It would seem that corresponding clubs of producers might be formed in order to mass shipments and save

FIGURE 7.—*The transportation rate per pound on packages of different weight—100 miles.*

The heavier the shipment the less is the transportation cost per pound.



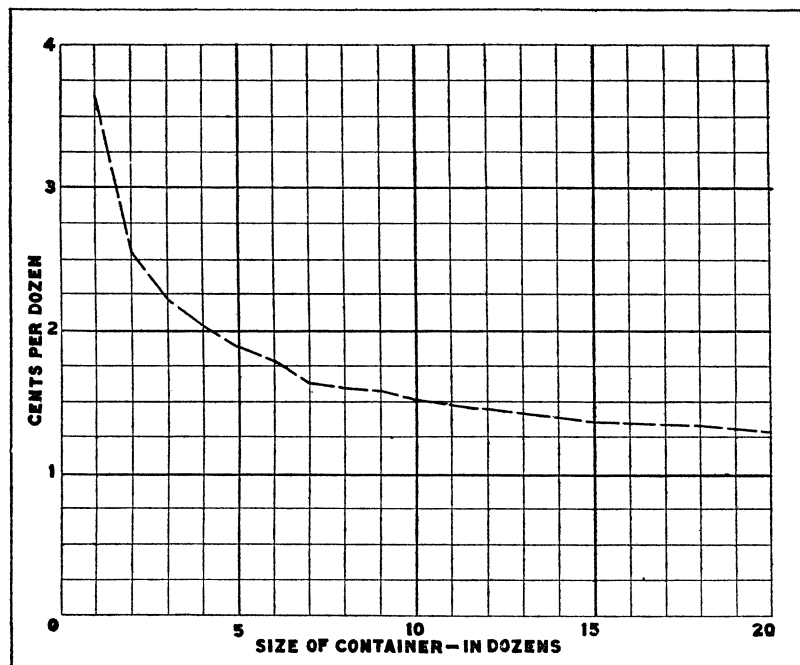
time, trouble, and money, but thus far only the barest beginning has been made.

The mission of producer-to-consumer marketing.

What are the benefits to be enjoyed by the direct-to-consumer marketing plan? Does it fulfill the many claims of higher prices to the producer and lower rates to the consumer? Unquestionably the farmer is entitled to more for his goods when sold in this manner because of the extra attention required in putting up individual orders, the expense involved in closer grading, the labor of careful packing, a margin for credit losses, and the replacement of damaged goods. The producer must have a higher

FIGURE 8.—*The cost of egg containers per dozen eggs for different size cases.*

The greater the capacity of the container the less the cost per unit of value contained. This chart is based upon the price of corrugated board carriers when purchased in lots of 100.



price in consideration of services rendered. Whether or not the surplus received will compensate him for his trouble is a matter dependent upon the individual and his access to favorable markets by other means. What the farmer really does is to change from a wholesale to a retail method of marketing his produce. It is a well-known fact that wholesale margins of profit are relatively narrow and retail margins relatively wide. Hence it is altogether probable that the farmer in making the transition from the wholesale to the retail trade will be more than likely to fall heir to a share of both the good and the bad properties of the latter. He will have the petty details, annoyances, and expenses of the retailer, and for these he will probably have to be paid.

As to the consumer, one can hardly figure a reduction in the high cost of living. For instance, let us approximate the cost of container and the postage within the first and second zones on two dozen eggs—a fair example. Containers of this size, if

bought in lots of 100, will seldom cost less than 5 cents. The postage on two dozen eggs will amount to 9 cents, making a total transportation charge of 14 cents, or 7 cents per dozen. Add this amount to the wholesale market price of eggs, plus the surplus paid the farmer for his extra time and labor, and the sum will probably equal the rate charged by the retail grocer.

Yet one should not condemn the direct marketing of farm produce on the ground of increased cost. The excess charge may, it is true, be offset by quality. But the point still remains that the parcel post in its present state of development will not reduce the high cost of living; better stated, it will contribute to the cost of high living. Nevertheless, it has a mission to perform. Many people insist upon fresh food-stuffs, and in order to secure them they are willing to pay for the freshness. Hence, the continued use of the direct-to-consumer method of marketing will not be because the mails offer a cheaper means of marketing, but because it satisfies the desires expressed in such attractive phrases as, "Fresh from farm to family."

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